

Line of Credit Characteristics to Create and Interest Cancellation Account

In order to create an Interest Cancellation Account, you must set up a Line of Credit or LOC through a local or national lender. A LOC is typically a home equity line of credit (HELOC), but it can also be one of the following:

- Personal Line of Credit
- Business Line of Credit
- Secured Line of Credit
- Commercial Line of Credit
- Certain Credit Cards

This LOC will be used to facilitate the reduction and cancellation of interest on a closed-end debt. Regardless of the financial institution providing the LOC, each account must have the following specific characteristics for the interest cancellation strategy to work:

- Must have an interest only payment option.
- Needs to be open-ended (to allow for multiple adjustments to the principal balance each month)
- No fees incurred for drawing from the line of credit (unsubstantial annual fees may be an exception)
- No fixed-rate loan option executed (this amortizes a portion of the LOC and will transform it into a closed-end loan; thus limiting the effective use as an interest cancellation account)

The following LOC functions will simplify money movement when using the account to create interest cancellation.

Best functionality for check writing

- Lowest dollar amount minimum per check written from the LOC
- No fee per check written from LOC
- No limit to the number of checks written from LOC per month

Best functionality for online banking

- Ability to transfer money from checking to LOC and LOC to checking
- No limit to the number of transfers per month
- No fees for online transfers
- No dollar amount limitation on transfers
- Ability to link LOC to checking account as an overdraft protection
- No fee for overdraft protection
- Shortest turnaround time for posting online transfers to designated accounts
- No fee for online bill pay

Toll Free: (888) DebtEdge (332-8334)
www.DebtFreeProject.com



Results will vary and are determined by individual financial situations. The information contained herein does not constitute an offer or solicitation to lend or extend credit.